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EXCISE

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ACTION AF-18

INFO UCT-01 EUP-25 NEA-10 ADP-00 CIAE-00 DODE-00 PM-09
H-02 INR-09 C-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01
SS-14 USIA-1P ER-11 COME-00 TRSE-00 INT-08 DEP-01
CIEP-02 OPIC-12 OMB-01 KSR-01 /154 W
059053

R 150750Z MAR 73
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 9798
INFO AMEMBASSY BEIRUT
AMEMBASSY JUDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY of

DATE 14/2/73

ROSENBERG ADJUTANT. DATE

TS ASST.

EDWARD

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RELEASE

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BI, AS, A9

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E.O. 11452: GDS
TAGS: EARG, LY
SUBJECT: LARG/OASIS PARTICIPATION NEGOTIATIONS

REF: TRIPOLI 0279

SUMMARY: LARG/OASIS PARTICIPATION NEGOTIATIONS
RECESSING WHILE MINISTER OF PETROLEUM MARRUK ATTENDS
OPEC CONFERENCE. COMPANIES BELIEVE LARG NOT CERTAIN
WHAT IT WANTS FROM PARTICIPATION PACKAGE OTHER TH
N

POLITICAL ADVANTAGE WHICH WOULD ACCOMPANY IMMEDIATE
50 PERCENT PARTICIPATION. THIS DEMAND OPPOSED
BECAUSE OF EFFECT ON
CRUDE PRICING, AND MORE STRONGLY
FOR HISTORICAL REASONS AND FOR FEAR
OF PERSECUTION IN PERSIAN GULF. COMPANIES CONSIDER-
ING A PROPOSAL ALTERNATIVE TO PARTICIPATION, AND THIS

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PROPOSAL WILL BE MAJOR TOPIC OF DISCUSSION BY LONDON WORKING GROUP DURING RECESS PERIOD. END SUMMARY.

1. AT CHARGE'S INVITATION HE, AUCM AND ECOJOFF MET

[REDACTED] FOR DISCUSSION OF POLITICAL CLIMATE AND COMPANIES' IMMEDIATE AND LONG-RANGE FUTURE IN LAR. (B1)

[REDACTED] CHARGE ENUMERATED OTHER PREOCCUPATIONS OF LARG (DOWNING OF AIRLINER, KHARTOUM, FLURRY OF RCC MEETINGS WITH ASU AND OTHER GROUPS, MOROCCO, UNION WITH EGYPT, ETC), WHICH PROBABLY MAKE IT IMPOSSIBLE FOR MABRUK TO OBTAIN DETAILED INSTRUCTIONS FROM JALLUD AND OTHER MEMBERS OF RCC. (B1)

3. REMAINDER OF DISCUSSION FOCUSED ON OPTIONS OPEN TO COMPANIES IN SEEKING TO SATISFY LARG'S ESSENTIALLY POLITICAL DEMAND FOR 50 PERCENT PARTICIPATION AND, AT THE SAME TIME, KEEP TOTAL PACKAGE IN LINE WITH PERSIAN GULF SETTLEMENT. (B1)

[REDACTED] STATED THAT SOME COMPANIES' INVESTMENT IN AREA WENT BACK TO 1903 AND ASSETS COULD NOT EASILY BE SURRENDERED, NOT ONLY BECAUSE OF RESPONSIBILITY TO SHAREHOLDERS BUT ALSO BECAUSE OF POSSIBLE REPERCUSSIONS IN SAUDI ARABIA AND PERSIAN GULF. INDEPENDENTS [REDACTED] WERE MORE CONCERNED WITH INABILITY OF LARG TO PAY COMPENSATION ON 50 PERCENT PARTICIPATION. (B1)

4. AT CLOSE OF MEETING [REDACTED] SAID COMPANIES IN LONDON WORKING GROUP WOULD BE WORKING ON AN ALTERNATE PROPOSAL FOR LIBYA DURING RECESS BUT, IN ANY EVENT, WOULD NOT ACCEPT ANY RETROACTIVE FORMULA. HE DID NOT DESCRIBE WHAT THE PROPOSAL WAS BUT INDICATED IT WOULD SOMEHOW TRY TO EVADE THE 50 PERCENT PARTICIPATION ISSUE AND (B1)

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5. COMMENT: WE ARE PERSUADED DELAY IN NEGOTIATIONS DUE MAINLY TO FACT THAT PROPOSED HCC HAS NOT GIVEN MARUK SUFFICIENT INSTRUCTIONS FOR HIM TO CONTINUE NEGOTIATIONS AND THAT JALLUD PERSONALLY TOO BUSY TO ATTEND MEETINGS. COMPANIES CLEARLY DOWNING THEIR THINKING CASE IN ATTEMPT COME UP WITH FORMULA WHICH WILL SATISFY MANY CONFLICTING INTERESTS, BOTH AMONG THEMSELVES AND WITH THE LARG. JUSTIF

LAY BEHIND THIS THOUGHT, QUOTE THE CONTRARY. INVESTMENT. WE DID NOT ENCOURAGE THE OPTIMISM THAT CAPITALIZE UPON LARGIS ALLEGED DEEP INTEREST IN NEW

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